

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

Supplemental

69

November 23, 2004

FROM: DAVID H. SLAUGHTER, Director
Real Estate Services Department

Consent Calendar

**SUBJECT: AGREEMENTS WITH SOUTHERN CALIFORNIA AGRICULTURAL LAND
FOUNDATION**

RECOMMENDATIONS:

1. Approve **Amendment No. 4** to **Agreement No. 02-508** with the Southern California Agricultural Land Foundation (SCALF) to extend the management agreement through November 30, 2006 to administer the County's Agricultural Open Space Land Acquisition and Post Acquisition Program in the amount of \$353,808.
2. Approve **Amendment No. 6** to **Lease Agreement No. 92-357** with SCALF to extend the term through February 28, 2005 for an office and residential facility on 0.57 acres in Chino for total revenue of \$2,184.

BACKGROUND INFORMATION: On June 14, 1994, the Board approved a three-year agreement with SCALF to develop and implement the County's Agricultural Open Space Land Acquisition and Post Acquisition Preservation Program (Program) within the Chino Agricultural Preserve (Ag Preserve). SCALF was also responsible for negotiating leases, leasebacks, and joint venture transactions to continue ongoing dairy operations and property management activities during the acquisition process. The funds necessary to implement the Program and acquire properties in the Ag Preserve were made available to the County under the California Wildlife, Coastal and Parkland Conservation Act of 1988 (Proposition 70) and the Federal Agricultural Improvement and Reform Act of 1996. To date, nine major acquisitions totaling 371 acres have been completed. The County, in cooperation with SCALF, also acquired fee title to an additional improved dairy of approximately 74.57 acres at 8315 Merrill Avenue in the Ag Preserve (the "Wiersema Dairy"), which is not part of the Program properties.

On April 6, 2004, the Board approved a recommendation to conduct a management audit of the SCALF administrative operations, authorized the County Administrative Office to enter into a contract for management audit services and directed the Real Estate Services Department (RESO) to extend the current management contract with SCALF to August 31, 2004 in order to allow sufficient time to complete the audit and develop further recommendations. The report of the management audit, performed by Vavrinek, Trine, Day & Co., LLP (VTD), was not delivered until August 19, 2004. The report contained findings and recommendations that warranted further review and analysis by staff and discussions with SCALF, which could not be completed by the expiration date of August 31. Consequently, in order to allow sufficient time to complete the analysis and develop recommendations for the Board's consideration, on August 24, 2004, the Board approved Amendment No. 3 to Agreement No. 02-508 with SCALF to extend the

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management agreement through November 30, 2004 to administer the Program in the amount of \$52,785. The Board also approved amendment No. 5 to Lease Agreement No. 92-357 to extend the lease of office and residential space to SCALF through November 30, 2004. That review and evaluation of the VDT audit has now been completed and substantially all of the VDT recommendations have been incorporated into the proposed SCALF management contract as follows:

Lease agreement

On June 1, 1992, the Board approved a five-year lease agreement (No. 92-357), ending May 31, 1997, with SCALF as tenant for the "Jaques dairy house" on 0.57 acres of a Program property for office and residential purposes. This lease has been amended several times to coincide with each amendment of the SCALF management contract. The VDT audit recommends that SCALF personnel not be allowed to rent or otherwise reside in SCALF managed facilities. Amendment No. 6 to Lease Agreement No. 92-357 will extend this lease until February 28, 2005. Thereafter, the residence will be advertised for lease to provide additional Program revenue. After that point, no SCALF staff member(s) will reside in County-owned property in any fashion.

Management contract

On April 22, 1997, the Board approved a five-year agreement with SCALF to continue administration of the Program to April 30, 2002. The Board subsequently approved a one-month extension; a new one-year agreement with three one-year options to extend (Contract No. 02-508); a one-year extension resulting from exercising the first of the three one-year options; and most recently, two 90-day extensions, to allow sufficient time to complete the analysis of and develop recommendations based on, the VDT audit for the Board's consideration. The recommendations of the VDT audit which have been included in the Amendment No. 6 include a two-year extension to November 30, 2006; a requirement to develop a plan within six months to consolidate the dairies into contiguous parcels in close proximity to the Chino Airport; a formal annual performance evaluation of SCALF employees; annual goals for the Program; a semi-annual maintenance and repair list; credit checks for prospective lessees; and a requirement for all SCALF Board members and officers to file annually a Fair Political Practice Commission Form 700. As a result of the VDT audit, and negotiations with SCALF, costs for the proposed management contract are reduced from \$211,140 to \$176,904 annually.

The terms of the management contract and lease agreement are summarized as follows:

	<u>Management Contract</u>	<u>Lease Agreement</u>
Property:	Program Properties and Wiersema Dairy within the Ag Preserve	13839 Bon View Ave., Ontario
Term:	Two years (November 30, 2006)	Ninety days (February 28, 2005)
Options:	Two one-year options to extend	None
Services/Rent:	<u>Expense</u> \$353,808 for two year extension (\$13,442/month for Program properties and \$1,300/month for the Wiersema Dairy)	<u>Revenue</u> \$2,184 for 90-day extension (\$ 728/month)

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REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5480) on November 16, 2004 and the County Administrative Office (Daniel R. Kopp, Administrative Analyst, 387-3828) on November 17, 2004.

FINANCIAL IMPACT: The total cost of the two-year amendment for the management contract is \$353,808 (\$14,742 per month x twenty-four). All Program costs are fully funded by income from rents from Program properties, which are accounted for in the Chino Ag Preserve budget. The cost of administering the Wiersema Dairy, which is not a Program property, will be reimbursed from monthly rents received for that property. The Program dairies and the Wiersema Dairy are self-funded. Their operations do not result in local cost.

The total revenue to be received from the ninety-day lease amendment is \$2,184 (\$728 per month x three months). Rent revenues for this Program property is deposited in the Chino Ag Preserve special revenue fund.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with RESD's proposal, and recommends this action based on the continuing need for management and administrative services for the Program and the Wiersema Dairy. The management contract cost of \$353,808 will be completely funded by income from the Program properties and the Wiersema Dairy.

SUPERVISORIAL DISTRICT: Fourth

PRESENTER: David H. Slaughter, Director, 387-7813

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